



Engineering & Construction Market Update



KPMG Corporate Finance LLC

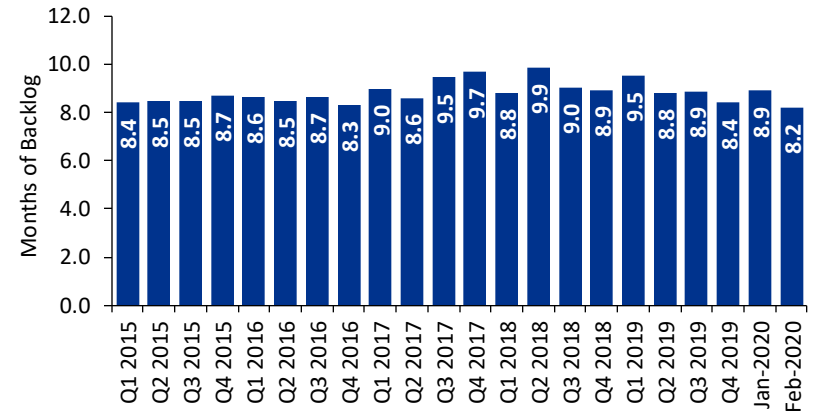
Q1 2020

U.S. Engineering & Construction Market Overview⁽¹⁾

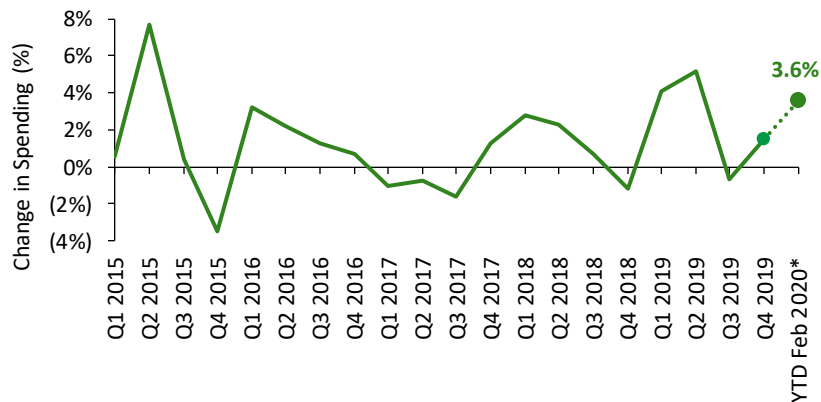
Insight

- The Associated Builders & Contractors Construction Backlog Indicator dipped 7.7% in Feb-2020, as the effect of the Coronavirus had an immediate impact on E&C markets
- While non-residential construction spending and spending in water supply and power sectors were up YTD as of February, it is anticipated spending in March and April will be significantly impacted by the continued public health crisis caused by the Coronavirus
- The recently announced Coronavirus Aid, Relief and Economic Security ("CARES") Act will bring relief to smaller E&C companies and will be supported by approximately \$350bn of small business loans. The tax provisions included in the bill will further assist in mitigating the unique challenges faced by construction companies during this national emergency

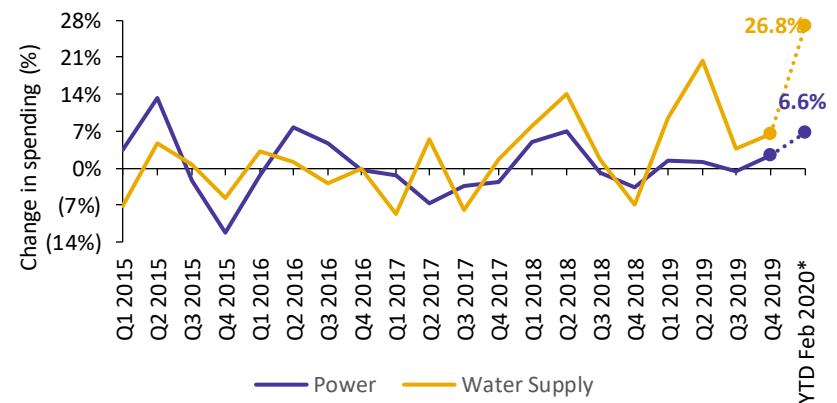
Construction Backlog



Non-residential Construction Spending



Construction Spending by Sector

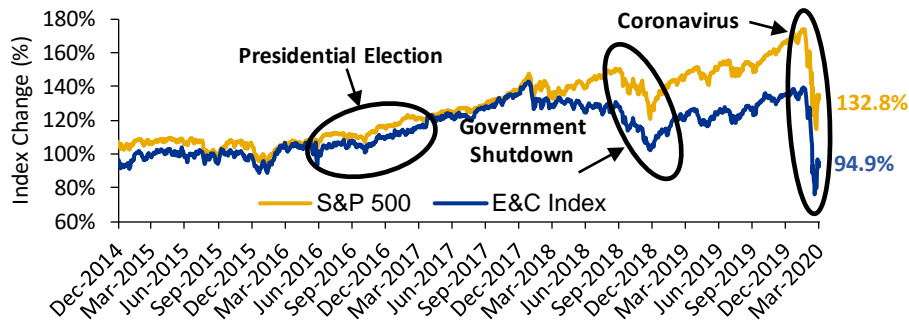


⁽¹⁾ Associated Builders and Contractors.

Public Company Valuation Summary⁽²⁾

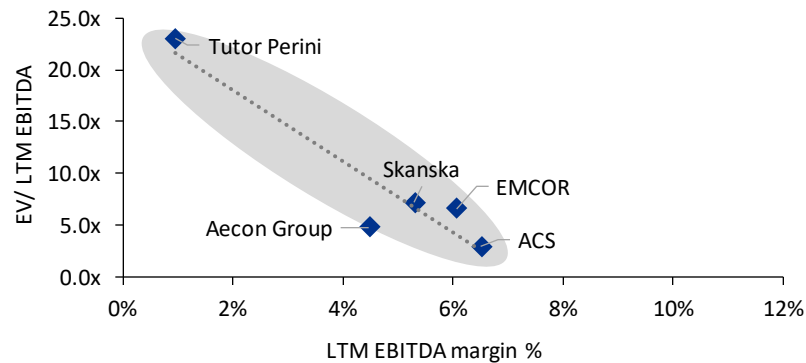
The E&C Sector Will Trade on Themes that Range in Duration

The E&C sector witnessed a sharp dip during Q1-2020 as a result of the ongoing impact of the Coronavirus. The sector has a history of strong resilience and significant recovery following market shocks, as evidenced by the rally following the Government Shutdown during Q4-2018



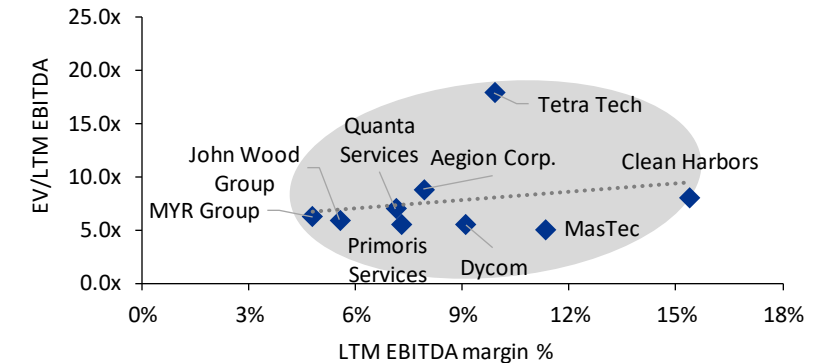
Construction Contractors

Average EV / LTM EBITDA: 8.9x



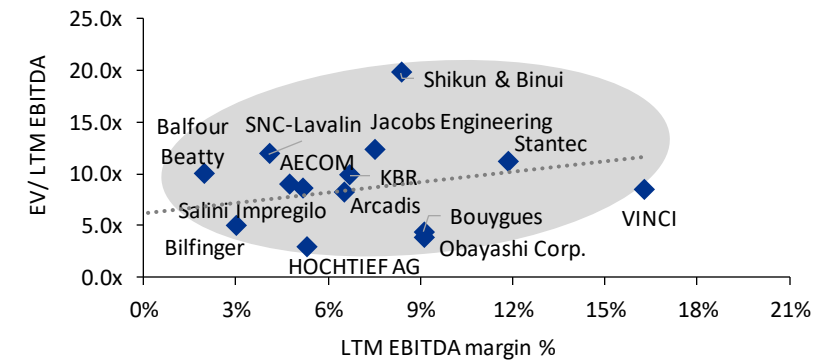
Specialty Engineering & Construction

Average EV / LTM EBITDA: 7.8x



Diversified Engineering & Construction

Average EV / LTM EBITDA: 9.0x



⁽²⁾ S&P Capital IQ.

Notable Q1 2020 E&C Transactions

Closed Date	Target + Buyer / Investor	Deal Details
Mar 30 th	Thayer Power & Commutation Line Construction Co. + Calera Capital	<p>Calera Capital acquired Thayer Power & Communication. Terms of the transaction were not disclosed</p> <ul style="list-style-type: none"> Acquisition rationale, per Ethan Thurow, Managing Director, Calera Capital: <i>"Thayer's demonstrated ability to consistently deliver safe, reliable and high-quality service to its utility and telecommunications customers provides an exceptional business foundation...the company has tremendous momentum, and we are excited to partner with CEO Tim Luden and the entire Thayer organization as they continue to grow the business."</i> Thayer Power & Communication is a leading provider of mission critical repair, maintenance, and upgrade services for the utility and telecommunications industries. The Company operates three primary lines of business: electric utility services, fiber placement and other wireline telecommunications services, and small cell site deployment and related wireless services. The Company offers its services across a large regional area including the central Midwest, Northeast, and Southeast United States Calera Capital is middle-market private equity firm with offices in Boston and San Francisco
Feb 5 th	Richland Engineering Limited + Wallace & Pancher, Inc.	<p>WallacePancher Group (WPG) acquired Richland Engineering Limited (REL). Terms of the deal were not disclosed</p> <ul style="list-style-type: none"> Acquisition rationale per Daniel Wallace, P.E., co-owner and Principal of WPG: <i>"Civil engineering has been a core part of WPG's business for over eighteen years and the services offered by REL will expand our core business and make us a full-service civil engineering consulting firm serving the Mid-Atlantic and Midwest Regions."</i> REL, a construction and engineering services provider, offers highway and airport engineering, structural engineering, bridge design and inspection, municipal engineering, traffic engineering and surveying services WPG is a multi-disciplined civil engineering and environmental consulting firm catering to public and private sectors in Ohio and Pennsylvania

Source: MergerMarket and S&P Capital IQ.

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Notable Q1 2020 E&C Transactions

Closed Date	Target + Buyer / Investor	Deal Details
Feb 3 rd	Voltage Power Ltd. + Aecon Group Inc.	<p>Aecon Group acquired Voltage Power for \$30M, 3.8x LTM EBITDA, and an additional earn out structure based on achieving EBITDA targets over the next three years</p> <ul style="list-style-type: none"> Acquisition rationale, per said Jean-Louis Servranckx, President and CEO, Aecon: <i>"The added ability to self-perform medium to high-voltage transmission and distribution work complements our existing core utility capabilities and further positions Aecon as a leading player in executing the strong pipeline of utility infrastructure opportunities across Canada...this is the third strategic, tuck-in acquisition Aecon has made in the past 18 months"</i> Voltage Power is an electrical transmission and substation contractor. The Company has averaged annual revenue of approximately \$60m over the past three years has successfully completed 20+ projects over the past four years with an aggregate value of \$200. Aecon Group is a Canada based construction and infrastructure development company. It delivers integrated solutions to private and public-sector clients through its Construction division in the Civil, Urban Transportation, Nuclear, Utility and Conventional Industrial sectors, and provides project development, financing, investment and management services through its Concessions division
Jan 9 th	CME Associates, Inc. + CHA Consulting / First Reserve Corporation	<p>CHA Consulting, Inc. acquired CME Associates, Inc. Terms of the deal were not disclosed</p> <ul style="list-style-type: none"> Acquisition rationale, per Jim Stephenson, CEO of CHA Holdings: <i>"The joining of CHA and CME will create great breadth and depth to our growing transportation business bringing immediate resources and value to our transportation clients and accelerating our expansion in the Northeast including Connecticut, Massachusetts and Rhode Island"</i> CME Associates is a transportation engineering firm specializing in accelerated bridge construction, engineering, planning and environmental sciences. The firm has 85 employees within its five offices in the U.S. CHA Consulting, backed by First Reserve Corporation, is a engineering consulting and construction management firm offering engineering, architectural, survey, and project management services First Reserve Corporation is a Stamford, CT based private equity firm focused exclusively on energy and related sectors

Source: MergerMarket and S&P Capital IQ.

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Select Public Company & M&A Deal Notes

Public Company Valuation Detail by Sector

(\$ in millions)

Specialty Engineering & Construction	Country	Market Cap ^{(1), (2)}	TEV ⁽³⁾	LTM						
				Revenue	EBITDA ⁽⁴⁾	Gross Margin	EBITDA Margin	Revenue Growth	TEV / Revenue	TEV / EBITDA
Quanta Services, Inc.	United States	\$4,523.0	\$6,017.8	\$12,112.2	\$862.4	13.2%	7.1%	8.4%	0.50x	7.0x
Tetra Tech, Inc.	United States	3,861.8	4,338.4	2,450.3	242.3	17.1%	9.9%	10.9%	1.77x	17.9x
Clean Harbors, Inc.	United States	2,866.3	4,210.9	3,412.2	524.7	30.0%	15.4%	3.4%	1.23x	8.0x
MasTec, Inc.	United States	2,466.6	4,068.2	7,183.2	813.4	15.5%	11.3%	4.0%	0.57x	5.0x
John Wood Group, PLC	United Kingdom	1,300.9	3,246.0	9,890.4	548.5	11.3%	5.5%	(1.2%)	0.33x	5.9x
Dycom Industries, Inc.	United States	810.2	1,675.2	3,339.7	303.2	17.0%	9.1%	6.8%	0.50x	5.5x
Primoris Services Corporation	United States	767.2	1,251.0	3,106.3	226.3	10.7%	7.3%	5.7%	0.40x	5.5x
Aegion Corporation	United States	552.3	848.2	1,213.9	96.0	20.5%	7.9%	(9.0%)	0.70x	8.8x
MYR Group Inc.	United States	436.2	614.2	2,071.2	98.8	10.3%	4.8%	35.3%	0.30x	6.2x
Mean						16.2%	8.7%	7.1%	0.70x	7.8x
Median						15.5%	7.9%	5.7%	0.50x	6.2x

Construction Contractors	Country	Market Cap ^{(1), (2)}	TEV ⁽³⁾	LTM						
				Revenue	EBITDA ⁽⁴⁾	Gross Margin	EBITDA Margin	Revenue Growth	TEV / Revenue	TEV / EBITDA
Skanska AB (publ)	Sweden	\$6,273.5	\$7,018.7	\$18,502.3	\$980.3	9.4%	5.3%	(4.3%)	0.38x	7.2x
ACS	Spain	5,958.7	8,313.6	43,825.7	2,857.2	34.1%	6.5%	4.5%	NM	2.9x
EMCOR Group, Inc.	United States	3,449.8	3,662.0	9,174.6	556.1	14.8%	6.1%	12.8%	0.40x	6.6x
Aecon Group Inc.	Canada	534.9	572.8	2,667.9	119.2	10.6%	4.5%	11.5%	0.21x	4.8x
Tutor Perini Corporation	United States	338.0	969.2	4,450.8	42.1	5.4%	0.9%	(0.1%)	0.22x	23.0x
Mean						14.9%	4.7%	4.9%	0.30x	8.9x
Median						10.6%	5.3%	4.5%	0.30x	6.6x

Source: S&P Capital IQ.

(1) Market Capitalization amounts are in millions, based on closing share prices as of March 31, 2020

(2) Market Capitalization and Share Prices are based on foreign exchange listed securities and converted to \$USD

(3) Total Enterprise Value (TEV) equals Market Capitalization plus Debt, Preferred Equity, and Minority Interest, minus Cash and Cash Equivalents

(4) EBITDA equals Earnings before Interest, Taxes, Depreciation and Amortization

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Public Company Valuation Detail by Sector (cont.)

(\$ in millions)

Diversified Engineering & Construction	Country	Market Cap ^{(1), (2)}	TEV ⁽³⁾	LTM						
				Revenue	EBITDA ⁽⁴⁾	Gross Margin	EBITDA Margin	Revenue Growth	EV / Revenue	EV / EBITDA
VINCI SA	France	\$45,870.0	\$75,901.8	\$54,932.1	\$8,924.9	16.2%	16.2%	8.2%	1.38x	8.5x
Bouygues SA	France	11,154.9	16,987.9	42,564.2	3,877.2	53.2%	9.1%	4.6%	0.40x	4.4x
Jacobs Engineering Group Inc.	United States	10,546.9	12,025.1	13,014.1	977.1	19.7%	7.5%	9.6%	0.92x	12.3x
Obayashi Corporation	Japan	6,175.9	6,698.1	18,914.7	1,723.3	13.1%	9.1%	3.1%	0.35x	3.9x
AECOM	United States	4,734.9	8,583.9	20,052.6	949.2	4.3%	4.7%	7.8%	0.43x	9.0x
HOCHTIEF Aktiengesellschaft	Germany	4,681.5	4,525.3	29,011.2	1,533.0	26.6%	5.3%	6.1%	NM	3.0x
KBR, Inc.	United States	2,935.3	3,717.3	5,639.0	378.0	11.6%	6.7%	14.8%	0.66x	9.8x
Stantec Inc.	Canada	2,838.0	3,780.4	2,861.4	339.5	54.1%	11.9%	16.4%	1.32x	11.1x
SNC-Lavalin Group Inc.	Canada	2,571.2	3,568.5	7,336.4	299.3	3.7%	4.1%	(0.7%)	0.49x	11.9x
Balfour Beatty plc	United Kingdom	1,845.5	1,921.4	9,685.5	192.0	5.2%	2.0%	14.6%	NM	10.0x
Arcadis NV	Netherlands	1,411.4	2,080.8	3,897.8	253.1	16.7%	6.5%	4.6%	0.53x	8.2x
Shikun & Binui Ltd.	Israel	1,395.5	3,100.2	1,879.1	157.1	13.7%	8.4%	10.9%	1.65x	19.7x
Salini Impregilo S.p.A.	Italy	1,150.8	2,380.1	5,353.6	277.7	27.4%	5.2%	(3.9%)	0.44x	8.6x
Bilfinger SE	Germany	680.1	736.8	4,855.7	145.8	9.5%	3.0%	2.1%	NM	5.1x
Mean						19.6%	7.1%	7.0%	0.78x	9.0x
Median						15.0%	6.6%	7.0%	0.53x	8.8x

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Q1 2020 Engineering & Construction M&A Activity

(\$ in millions)

Closed Date	Target	Business Description	Buyer / Investors	Implied Enterprise Value
Apr-20	Reach Construction Group, LLC	Reach Construction Group is an engineering, procurement, and construction company providing services in solar, public utilities, and commercial industries	CUI Global, Inc.	\$37
Mar-20	ACIEM Group Ltd	ACIEM Group provides mechanical, civil, and electrical engineering services, including design, installation, and building services to the water industry	Envoy and Partners Limited	-
Mar-20	MEDCO Construction L.L.C.	MEDCO Construction is a full service commercial general contractor providing preconstruction and construction services	The Christman Company Inc.	-
Feb-20	Deere & Ault Consultants Inc.	Deere & Ault Consultants operates as a specialized civil engineering firm focused on water resources, geotechnical, dam, slurry wall, tunnel, and mine reclamation projects	Schnabel Engineering, Inc.	-
Feb-20	Minnotte Contracting Corporation	Minnotte Contracting Corporation is a union mechanical contractor and construction company serving industrial customers and power utilities	The Day & Zimmermann Group, Inc.	-
Feb-20	Civil Engineering and Construction Engineering & Inspection Practices of Landtech Inc.	Civil Engineering and Construction Engineering & Inspection Practices of Landtech Inc. operates as a business unit offering civil and construction engineering, and inspection services	3M Company	-
Announced Feb-20	Cumberland Design & Building Company, Inc.	Cumberland Design & Building Company operates as a design and build general construction firm, offering construction and engineering services	R. S. Mowery & Sons, Inc.	-

Source: S&P Capital IQ.

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Q1 2020 Engineering & Construction M&A Activity (cont.)

(\$ in millions)

Closed Date	Target	Business Description	Buyer / Investors	Implied Enterprise Value
Feb-20	LNV, Inc.	LNV is an engineering, architectural, and surveying firm specializing in civil, structural, transportation, environmental, architectural, and surveying services	Ardurra Group, Inc. / Round Table Capital Management	-
Announced Feb-20	Haley and Ward, Inc.	Haley and Ward provides civil and environmental engineering firm primarily focused on water supply plans, designs, and construction	CES, Inc.	-
Feb-20	Civil Construction Unit of Pioneer Sand Company, Inc.	Civil Construction Unit of Pioneer Sand Company operates as a civil construction unit serving federal, state, county, and private-party customers	Wildcat Construction Co., Inc.	-
Feb-20	Skelly and Loy, Inc.	Skelly and Loy provides engineering and environmental services to various public and private sector clients in the United States and internationally	Terracon Consultants, Inc.	-
Feb-20	Associated Engineers & Surveyors, Inc.	Associated Engineers & Surveyors operates as a full-service land surveying and civil engineering company	The Mannik & Smith Group, Inc.	-
Feb-20	Unimark Construction Group / Servicemark LLC	Unimark Construction Group operates as a commercial build-out and tenant improvement company. Servicemark LLC provides construction and building services	Skyline Construction Enterprises, Inc.	-
Jan-20	Level 5 Consulting Engineers, Inc.	Level 5 Consulting Engineers provides site acquisition, A&E, and structural engineering services nationwide for the utility, telecommunications, and energy industries	System One Holdings, LLC / Thomas H. Lee Partners L.P.	-

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Q1 2020 Engineering & Construction M&A Activity (cont.)

(\$ in millions)

Closed Date	Target	Business Description	Buyer / Investors	Implied Enterprise Value
Jan-20	KAST Construction Company LLC	KAST Construction Company offers pre and post construction, construction phase, building information modeling, and sustainability / LEED services	Management	-
Jan-20	J Lister Electrical Limited	J Lister Electrical provides commercial and industrial electrical contractor services	Northern Bear PLC	\$2
Announced Jan-20	Hanlon Engineering & Associates, Inc.	Hanlon Engineering & Associates is a multi-disciplinary engineering services firm that provides engineering, procurement and construction management services to the mining sector	GR Engineering Services Limited	-
Jan-20	GGJ, Inc.	GGJ provides professional landscape architecture, planning, and civil and environmental engineering services to municipalities and other public entities	LJB Inc.	-
Jan-20	Granite Contracting LLC	Granite Contracting offers construction services, specializing in asphalt mix production and paving	Reeves Construction Co., Inc.	-
Jan-20	Riley Brothers, Inc.	Riley Brothers provides natural gas and electric utility construction services	Peak Utility Services Group, Inc. / ORIX Capital Partners, LLC	-
Jan-20	Sharp, Robbins & Popwell, LLC.	Sharp & Robbins Construction is a general contracting company providing fire and storm restoration, renovation, and new construction services	BluSky Restoration Contractors, LLC / Dominus Capital	-

Source: S&P Capital IQ.

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Q1 2020 Engineering & Construction M&A Activity (cont.)

(\$ in millions)

Closed Date	Target	Business Description	Buyer / Investors	Implied Enterprise Value
Jan-20	ABCO Building Corporation	ABCO Building Corporation is a general contractor, catering to industrial, commercial, and healthcare sector	Selzer-Ornst Construction Company LLC	-
Jan-20	Milone & MacBroom, Inc.	Milone & MacBroom is a consulting firm engaged in field of services in the areas of engineering, landscape architecture, planning, and environmental science and services	SLR Management Limited	-
Jan-20	Bravo Builders, LLC	Bravo Builders offers construction services to residential high rise, hotel, mixed-use, and healthcare projects	Cauldwell Wingate Company, LLC	-
Dec-19	Lightowler Johnson Associates, Inc.	Lightowler Johnson Associates is an architecture, engineering, planning, and land surveying firm specializing in hospitality sector	Nile, Inc.	-

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KPMG Corporate Finance Maintains a Dedicated Focus Advising Leading Engineering & Construction Companies

Sector Team



Stephen Guy

Managing Director &
Head of Business Services M&A



Christopher Weber

Director
Business Services M&A



David Lazarek

Senior Associate
Business Services M&A

U.S. Engineering & Construction Highlights

- The U.S. Government's recent announcement of the CARES ACT and its ongoing strategic discussions with industry associations for the enactment of a substantial infrastructure package that would address needed repairs and the modernization of U.S. transportation infrastructure will continue to provide near-term support to the E&C sector
- While YTD construction spending through February has been positive, it is anticipated the Coronavirus will have a significant impact on construction spending in March and April
 - **Non-residential construction spending** increased 3.6% through February
 - YTD February construction spending in the **water supply** sector is up 26.8% and spending in the **power** sector is up 6.6%

Top Advisor in FY2019



Awards & Recognition



**Represents the global Corporate Finance practices of KPMG International's network of independent member firms*

⁽³⁾ Refinitiv; global full market transactions completed by volume.

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